



LAURA N. CHICK
INSPECTOR GENERAL

STATE OF CALIFORNIA
OFFICE OF THE INSPECTOR GENERAL
AMERICAN RECOVERY ACT FUNDS

Transmitted via e-mail

September 30, 2010

Ms. Louise Perez, Executive Director
Community Resource Project, Inc.
250 Harris Avenue
Sacramento, CA 95838

Dear Ms. Perez:

Final Review Report—Community Resource Project, Inc., Review of Weatherization Assistance Program Contract 09C-1831

The State of California, Office of the Inspector General (IG), American Recovery and Reinvestment Act (ARRA) reviewed Community Resource Project, Inc. (CRP) ARRA funds awarded by the Department of Community Services and Development (CSD) for the United States Department of Energy Weatherization Assistance Program (DOE-WAP).

The DOE-WAP offers a comprehensive range of services and energy conservation measures applied to a dwelling to help reduce energy use. The main measures provided by the weatherization program include: in-home energy education, energy-related home repairs, blower-door guided air sealing, heat system safety tests, repairs and tune-ups (and replacements for safety reasons), duct insulation and sealing, attic insulation, and hot water savings measures (insulation blankets and low-flow showerheads). The DOE-WAP enables eligible low-income families to permanently reduce their energy bills by making their homes more energy efficient.

Scope

The CRP was awarded ARRA funds totaling \$3,908,468 for the DOE-WAP program. As of our review period, CRP has received and expended \$1,877,427.

The IG conducted a review of ARRA funds received and expended for the period June 30, 2009 through June 30, 2010. The review's objectives were to determine if the CRP properly accounted for and used ARRA funds in accordance with ARRA requirements, applicable laws, and regulations.

The CRP's management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and program requirements, as well as evaluating the efficiency and effectiveness of the program. Unless identified during our review of ARRA funds, we did not assess the efficiency or effectiveness of program operations.

Methodology

The CRP's accounting records and supporting documents were reviewed to determine if ARRA funds were properly accounted for and expended. Costs allocated to various DOE-WAP programs and the allocation method was reviewed for propriety and reasonableness. To determine whether revenues and expenditures complied with applicable laws and regulations, the following procedures were performed:

- Interviewed key personnel and reviewed applicable policies and procedures to gain an understanding of program-related internal controls.
- Reviewed contracts between CRP and subcontractors.
- Reviewed revenues to determine if they were properly recorded and supported.
- Selected a sample of expenditures reported to determine whether they were:
 - Allowable
 - Program related
 - Incurred within the reporting period
 - Adequately supported
 - Properly recorded

Summary of Review

The review disclosed that four employees did not fully complete the required training, and jobs created and retained were incorrectly calculated, as follows:

Training Not Completed by Some Employees

Four employees have not fully completed the required weatherization training. One employee did not complete any of the segments for Duct Sealing/Blower Door (DS/BD) diagnostics training as well as any segments of the Combustion Appliance Safety training. Two employees did not complete any segments of the DS/BD training. One assessor did not complete the Field Assessment training.

Incomplete training; however, can create liability for CRP and the State, and may reduce the effectiveness of weatherization projects. The CRP has explained the challenge some of their trained staff has in passing online tests in English (see attached response).

Jobs Created and Retained Calculated Incorrectly

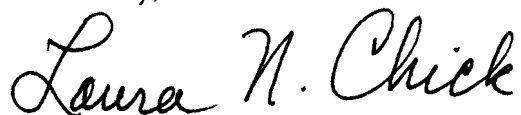
For the periods ended March 31, 2010 and June 30, 2010, CRP respectively reported 1 and 36.76 jobs created and retained. Based on IG staff computation, CRP should have reported 12.29 (under reported by 11.29) and 31.28 (over reported by 5.48).

Conclusion

The CRP should more actively monitor and ensure that employees complete the required training in order to meet contract and program requirements.

We appreciated the assistance and cooperation of the CSD and CRP. If you have any questions regarding this report, please contact, Mary Kelly, Chief Deputy, at (916) 324-6665.

Sincerely,

A handwritten signature in black ink that reads "Laura N. Chick". The signature is written in a cursive, flowing style.

LAURA N. CHICK
California Inspector General

cc: Mr. Rick Rice, Director, California Recovery Task Force
Ms. Erika Sperbeck, Assistant Secretary, California Health and Human Services Agency
Mr. Cliff Allenby, Director, Department of Community Services and Development
Mr. Andrew Signey, Acting Chief Deputy Director, Community Services and Development
Mr. Ronn Kaiser, Chief Counsel, Department of Community Services and Development
Ms. Denise Arend, Program Operations Manager, Department of Community Services and Development
Mr. Jason Wimbley, Division Chief, Department of Community Services and Development
Ms. Maricela Gallegos, Board President, Community Resource Project, Inc.
Ms. Joan Graham, Deputy Director, Community Resource Project, Inc.



September 28, 2010

Laura N. Chick
California Inspector General
American Recovery and Reinvestment Act Funds

Response to the Draft Report – Community Resource Project, Inc., Review of
Weatherization Assistance Program Contract 09C-1831

Dear Ms. Chick:

Community Resource Project, Inc. (CRP) wishes to thank the office of the Inspector General for your review of our Weatherization Assistance Program. CRP has diligently attempted to meet the objectives embodied in the ARRA funds, specifically job creation, stimulation of the economy, transparency, accountability and the weatherization of homes for the low income community. With the plethora of new rules and regulations, CRP developed and embarked on a plan of action to ensure that we would meet all of the above listed goals. While we recognize that improvements can always be made, we appreciate the recognition of our efforts to meet the objectives.

In direct response to the training requirements, we believe that a well-trained staff is key to increased productivity and excellence in workmanship. Our crews take pride in the quality of their work. Many of our crew have been working at CRP for more than 10 years where they have received on-going training. Please note that members of our staff hold various licenses including 5 General B contractors, HVAC C-20 and Plumbing C-36 under CSLB. The new training requirements put in place in the fall of 2009 for all new and existing staff included 15 various courses, held either on-line or at a training facility. Our staff of 28 assessors, crew and inspectors successfully completed the training.

The audit revealed that three people missed one course and one person missed two courses. These staff members have been scheduled to take the missing courses as soon as the courses become available, correcting this oversight. Monitoring of the training requirements has been given the highest priority.

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Additionally, we would like to comment on a difficulty encountered during the training process. We hire staff from the community, many of whom speak English as a second language. Although many have been working in the field for many years and have easily completed the field training and other specific training courses, these same employees have encountered difficulty with the on-line written pre-tests. These employees are invaluable for their language capabilities in our diverse communities.

The calculation for the jobs created and retained was not reported correctly on March 31. After CRP's exit interview, we contacted an Accountability Advisor for the California Recovery Task Force to assist us with a better method for tracking the hours worked. The accuracy of the calculation is difficult because it is due on the last day of the period, and payroll and work schedules have not yet been reported.

Again, we appreciate the review and the assistance of the auditors. Should you have any questions, please feel free to contact me at 916-567-5220.

Sincerely,



Louise A. Perez
Executive Director

cc: Mr. Rick Rice, Director California Recovery Task Force
Ms. Erika Sperbeck, Assistant Secretary, California Health and Human Services Agency
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